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The Risks of Playing for Time in Algeria

Internal Strife over Key Choices after the Presidential Election

Isabelle Werenfels

With the re-election of the seriously ailing President Abdelaziz Bouteflika, Algeria's power elites have gained time to reach agreement over the general outline of the post-Bouteflika era. Despite rising fears within the regime of social unrest in the absence of fundamental reforms, precious few among the political, military and business elites are in fact willing to risk reforms that would threaten their sinecures and status. Structural factors are also obstacles to change. However, the strategy of playing for time without tackling the issue of substantial reforms is probably riskier in the long term than a policy that allows for such reforms. Reform deadlocks in the strategic oil and gas sector, socioeconomic and ethnic conflicts and regional security challenges demand that key choices be made soon. Europe may not have much influence over Algeria's internal decision-making processes, but a purely stability-orientated policy aligned with European security and energy interests is short-sighted.

Since President Bouteflika was re-elected on 17 April with 81.4% of the vote (the official turnout was 50.7%), there has been little indication of any change of direction in Algeria. To what extent the results were adjusted upwards remains unclear; the opposition claimed they were manipulated on a huge scale. Yet recent surveys by the Arab Barometer show that approval ratings of government policy quadrupled between 2011 and 2013 from 10% to 40%. Satisfaction with human rights and democracy issues rose from 8% to 32% over the same period. This reversal of opinion was presumably influenced by negative developments in Egypt, Libya and Syria during the so-called "Arab Spring", as well as the

massive increase in state subsidies and public sector salaries since 2011.

The composition of the new government appointed in May 2014 also shows continuity with the past. Prime Minister Abdelmalek Sellal was already in office prior to the election, and there were no changes to the heads of key ministries. One new aspect is the relatively high number of women in the government (7), among them two representatives of ethnic minorities (Tuaregs and Mozabites) from southern Algeria – probably a reaction to the increasing unrest in that part of the country.

After the election Bouteflika announced far-reaching political and economic reforms, as well as constitutional reform in consul-

tation with major political and societal actors. Bouteflika made similar promises back in 2011, when he appointed a reforms commission to consult with a broad spectrum of actors. This had modest results: although the state of emergency in force since 1992 was lifted, two key new laws – one governing the media and one governing associations – led to regress as well as progress in terms of political freedoms. Their main purpose was to create the impression of reforms in time to prevent uprisings such as those in Tunisia, Libya and Egypt.

On May 17, proposals for constitutional amendments were made public, before being subjected to new consultations. They included a limitation of presidential mandates to two terms (Bouteflika had lifted the limitation in 2008) and the strengthening of the prime minister's powers – but not the creation of the position of a vice-president. The latter had been expected by many, and according to Algerian newspaper reports, France was among those pressing for this solution from behind the scenes in order to guarantee a smooth transition, as it is currently uncertain whether the 77-year-old president will see out his fourth term in office.

The proposed amendments also anchor the fight against corruption in the constitution, and introduce (very) minor measures to strengthen the separation of powers and to expand certain civil and political liberties. With the exception of political figures and parties close to the president, actors from the entire political spectrum immediately slammed the amendments as superficial, and declared their refusal to participate in the upcoming official consultations on the constitutional amendments.

Emergence of New Political Camps

The presidential election campaign revealed deep divisions within the Algerian elite which even extend across institutions and organisations close to the regime, such as the former unity party, Front de libération

nationale (FLN) and its “satellites”, government agencies, business lobby groups, the army, and last but not least the powerful Département du renseignement et de la sécurité (DRS; an umbrella for the intelligence services).

Beneath the division into pro- and anti-Bouteflika camps lie differences over more fundamental questions: How can stability of the state and security be best guaranteed? What reforms are necessary to prevent anti-regime uprisings of the kind seen in the “Arab Spring” states? How can the Algerian system gradually be reformed and/or democratised from within, and which actor or institution should take the lead in doing this?

The fact that these questions are now under heated discussion after a decade free of any serious political debate is therefore a positive side effect of the 2014 presidential election. Several political camps have emerged from this. The “mild” reformers rally around Ali Benflis, the president's main rival who won a good 12% of the vote. The ex-prime minister and former Secretary-General of the FLN, Algeria's most powerful party, wants to reform the system gradually from within. His agenda of “national renewal” focuses on enforcing the rule of law, fighting corruption, and building strong, functioning institutions. Benflis has gathered around him a number of (formerly) key generals, members of the FLN elite, and influential business representatives, and after the election announced that he would form his own party.

Another political camp consists of actors who believe that the political system has reached its limits, and that only a process of transition towards democracy can avoid a social and political explosion. This movement's representatives called for a boycott of the election.

The “National Coordination for Freedoms and Democratic Transition” acts as its nucleus, bringing together prominent independent figures as well as a broad spectrum of parties, from the radical secular Berberophone RCD (Rassemblement pour la

culture et la démocratie) to the strongest Islamist party, the MSP (Mouvement de la société pour la paix). As a first step towards democratic transition, the “Coordination” aims to hold an inclusive National Dialogue – a clear reflection of the Tunisian model.

This camp, just like that of Benflis, has so far defied the government’s best efforts to co-opt it. However, the question is how much the reformers are actually prepared to risk personally, since the successful implementation of reforms – in particular their demands for the rule of law, accountability and serious anti-corruption measures – would also threaten their own collective and individual privileges.

A third, more radical camp consists of small civil society protest movements, pre-eminent among them the group Barakat (“that’s enough!”), which was formed prior to the election. Through direct action, such as sit-ins, they protest against repression and demand system change, thereby running the risk of repression and arrest. For now at least, these protest movements remain a phenomenon of the urban educated elite. Their demonstrations, which are at times tolerated and at times clamped down upon by the government, should not be confused with protests that have regularly flared up on the socioeconomic peripheries of the country for years.

Essentially, the influence of the political opposition should not be overestimated. It owes its increased visibility largely to (recently established) independent Internet media platforms which allow all political actors, even marginal ones, a public voice. While this is a welcome development on the one hand, it ultimately distorts the true balance of power.

Successful Policy of Division

Paradoxically, one of the reasons for the persistence of existing power structures is the specific nature of pluralism in the authoritarian Algerian system. The range of political parties includes Islamist and conservative, as well as liberal and social

democratic, radical secular and Berberophone groups. In the several dozen Arabic and French language newspapers and small private television companies, a wide range of political civil society voices can be heard, often critical of politicians, the president, and recently even the head of the intelligence service.

In Algeria, then (unlike in Tunisia or Libya prior to the upheavals), there exist certain valves through which to release political pressure. Criticism can be expressed, but it usually proves futile. There are no coordinated campaigns, for instance by the several dozen Arabic and French language newspapers or major Internet platforms. The apparent diversity of the media is, more than anything, a reflection of the conflict between various powerful clans, which publicly discredit one another.

Moreover, among the multiplicity of parties many of the political actors are largely irrelevant. This is because the government exploits the pluralistic framework to divide and weaken groups it does not approve of by co-optation, repression, or fomenting competition.

A prime example is the successful fragmentation of the (legal) Islamist parties. At the 2012 elections the Islamists performed even worse than they had five years before. For the 2014 presidential election the strongest Islamist party, the MSP, which is connected to the Muslim Brotherhood, did not even put forward a candidate. This decision is likely to have been influenced by developments in Egypt, where the Muslim brothers have undergone harsh persecution since the summer of 2013.

One of the main reasons why the Algerian policy of division works so well is that it resonates with the population, which is fragmented along regional, linguistic and ethnic lines. This fragmentation in politics and society is a distinct obstacle to reform because it impedes efforts to find a broad and lasting consensus among the elite. Whether the new “Coordination” will survive for long after the election is questionable. At the beginning of the “Arab Spring”

in 2011, a similar coalition fell apart after just a few weeks under the regime's policy of division and due to internal differences.

Major Obstacles to Reform Inherent in the System

The great staying power of the old system, and the huge obstacles to reform in Algeria generally can be seen with reference to key political and economic structures and interests connected with them, as well as societal dynamics.

Competing power bases in a clientelist system. Until Bouteflika took office in 1999, Algeria's fate had been controlled by active and retired military officers. As the first civilian President of the Republic, Bouteflika succeeded in gradually reducing the power of influential officers by restaffing and restructuring the army and intelligence service. The president thus built up his own power base consisting of family members, people from his home region, and long-standing acquaintances. Bouteflika's youngest brother, Said, is an extremely important powerbroker behind the scenes, and was the target of particularly aggressive attacks during the election campaign.

The president's main adversary is the DRS intelligence service chief, Mohamed "Toufik" Mediène, who has been its director since 1990. Reliable information about the quality of the relationship between "Toufik" and the president is hard to come by, but press reports and insider information suggest that, despite having reached a *modus vivendi*, power struggles repeatedly break out between them. Key reasons for this are economic interests of various powerful clans (some within the military) and their clients in politics, business, government institutions and even civil society.

In 2010 the DRS uncovered a corruption scandal in the state-run oil and gas empire, Sonatrach, involving people close to the president. Bouteflika was consequently forced to cut ties with loyal companions such as the Energy Minister. After a restruc-

turing of the security services in 2013, during which the task of fighting corruption was removed from the remit of the DRS, investigations against the president's camp came to a halt. In view of the fact that senior military officers have had personal interests in the oil and gas sector for decades, and that the influence of the president in this sector has been increasing, anti-corruption is unlikely to have been the genuine motivation in either case.

Competing interests in a thoroughly clientelist system not only explain the political stalemate of Bouteflika's third term in office; they are also one of the reasons why it is so difficult to change the system from within. Despite all the rifts, it is in the unanimous interest of the various power elites that the current unwritten political and economic rules of the game should continue. If serious pressure for change is exerted from outside the regime, the various powerful clans will close ranks. Bouteflika's re-election was almost certainly a case in point, which bought the power elite time to negotiate a succession plan beneficial to their vested interests.

Military seen as a cornerstone. Another problem with regard to reform is the status of the army – whether perceived or real – as the backbone of the system. In Bouteflika's first term in office political elites still criticised the army's interference in politics. In 2003 the then chief of the general staff announced the withdrawal of the army from politics and its neutrality during elections.

Paradoxically, in the 2014 election campaign political actors demanded a more active role for the army in politics and defended the intelligence service. Mouloud Hamrouche – a figurehead of Algerian reform forces, who drove forward the democratic opening as prime minister from 1988 to 1991 – called upon military leaders to take on a key role in the transition process. Other actors indirectly called on the army to prevent Bouteflika's re-election.

Most astonishing of all was the support shown for the intelligence chief by virtually

all political camps after he was directly and publicly attacked by the FLN in February 2014. Even democratically-minded actors criticised these attacks on a “central institution” as unjustified. And yet the FLN leader had only complained of what many of the political elite (who were now screaming in defiance) had been criticising privately for years – namely, the presence of the DRS in all political institutions and committees and its business dealings.

These various examples all point to the fact that Algeria has a “deep state” (a state within a state) which commands respect and has a determining influence on any changes.

The idea that a strong army intervening in politics can really be a reforming factor is doubtful in view of Algerian history. When it became clear that the Islamists had won a first round of democratic elections in 1991 the army staged a coup which marked the beginning of a civil war. The developments in Egypt since the start of the “Arab Spring” also show how difficult democratisation is under conditions of a “deep state” with the military at its core.

A security and stability-oriented population. The still fragile security situation in Algeria is an additional obstacle to change. It favours restrictions to political freedoms, such as freedom of assembly and the right to demonstrate, and reduces the willingness of a population traumatised by the civil war of the 1990s to embark on any experiments. Thus, the security situation has also contributed to Bouteflika’s re-election. The president is still commonly accepted to be the figure who restored calm to Algeria after the civil war.

At the same time the power elites profit indirectly from the continued activities of small jihadist groups within Algeria, and from the growing presence of transnational militant groups in the Sahel and Libya with close connections to Algeria. One such group was responsible for the attack on the Ain Amenas gas facility in early 2013.

After the outbreak of the “Arab Spring” in neighbouring countries, the government

raised the spectre of destabilisation. Members of the elite and media organisations close to the government warned against political uprising, which could pave the way for (radical) Islamists or even foreign intervention, as in Libya. During the 2014 election also, the president’s camp stirred up fears of fresh chaos. They branded the main rival, Ali Benflis, as a dangerous troublemaker, even a terrorist, and blamed him for acts of sabotage connected with the election.

As a result of this government policy and these collective societal fears, a discourse of careful and gradual reforms has become widespread even among the opposition. In surveys by the Arab Barometer, 78% of Algerians questioned in 2013 were in favour of gradual rather than drastic and immediate reforms, whereas in 2011 just over 54% were in favour. This preference has allowed the government to limit itself to cosmetic reforms and delay fundamental changes to the system indefinitely.

The curse of oil and gas income. Despite the turbulence in neighbouring countries, the Algerian leadership has been able to get away with making minimal reforms in part because of the country’s rich oil and gas resources. Apart from the occasional drop, the price of fossil fuels has been exceptionally high since the mid-2000s, providing the opportunity to finance large scale state infrastructure projects, and thereby create jobs. Less productive state economic sectors could thus be cross-subsidised. Above all, the income from oil and gas has made it possible, to some extent at least, to buy social peace. Under the influence of the “Arab Spring” in 2011 the government increased subsidies by approximately 60%, and public sector salaries by over 9% in 2012 alone.

The abovementioned surveys by the Arab Barometer have also shown that in 2013 twice as many respondents (66%) assessed the economic development as positive as compared with 2011 (32%). Bouteflika’s government has thus managed to gain a certain legitimacy through providing wel-

fare benefits. As long as Algeria has enough liquidity to minimise unrest through the judicious distribution of gifts, the domestic pressure for reform on the government will probably remain limited.

The institutionalisation of revolutionary legitimacy. Another hurdle for reforms comes from the revolutionary legitimacy of the political system. In Algeria the generation of the revolution is still in power. Bouteflika, “Toufik” Mediène, as well as the chief of the general staff and Bouteflika confidante Gaid Salah – all are veterans of the war of independence.

The transition to the next generation, which has no revolutionary legitimacy, will not be easy. This is not so much because the new elite will have to legitimise itself in a different way, but rather because the mystique of the revolution is associated with pecuniary privileges enjoyed not only by the elite. The state rewards participation in the struggle for independence, among other things, with licences to drive taxis and import cars, and with direct pensions for ex-revolutionaries and benefits for their surviving dependants. In the 2014 budget almost as much money is allocated to the “Ministry of Former Fighters” as to the Ministry for Higher Education, approximately equivalent to 75% of what is spent on the healthcare sector.

The so-called revolutionary family is growing steadily. In the 1990s, organisations for victims of Islamist violence took their place alongside historical organisations and institutions such as the FLN, the association of former fighters, or the umbrella organisation of unions close to the state (UGTA). In addition, influential lobby groups have been formed whose aim is to transfer revolutionary legitimacy, and its associated privileges, to the children of “martyrs” and also to those of regular fighters.

Consequently an entire segment of society is dependent on the drip-feed of the state’s provision of a “revolutionary rent”. Members of the revolutionary family are naturally opposed to reforms. They only

stand to lose if the system ceases to be revolutionary and becomes democratically legitimised. It is significant that Ali Benflis, who is too young to have fought in the war of independence, led a two-pronged campaign in the 2014 election: on the one hand he publicised his reform agenda, and on the other hand he stressed his identity (and thereby his legitimacy) as the son of a “martyr”.

The Risks of Playing for Time

In the short term there is plenty of evidence to suggest that Algeria’s power elites can continue to stoke internal conflict and delay reforms for some time in the face of limited pressure. However, growing national and international challenges demand setting the course for the future now, amid increasing signs that the system is reaching the limits of its ability to solve problems. This is particularly true in the strategic energy sector, and could have far-reaching consequences.

The outlook for the oil and gas sector, which generated over 98% of export income in 2012 and almost a quarter of GDP, is not good in the medium term. Although Algeria has large reserves of gas in particular, oil production has been stagnating for several years and gas production is decreasing. One reason for this is the slow pace of extraction and infrastructure projects, which is attributable to waning interest on the part of foreign investors. A protectionist law, which rules that foreign investors must work with an Algerian majority partner, along with poor legal security and high levels of corruption, make Algeria unattractive for direct foreign investment.

Furthermore, the shale gas revolution has changed the global market for gas to Algeria’s disadvantage (up until the Crimean crisis, at least). In any case, Algeria will not be able to deliver more exports in the foreseeable future, as national energy consumption, which rose by more than 50% from 2002 to 2012, continues to soar, and cannot always be met. Blackouts in

Algeria's cities were not uncommon in 2013.

All this will have a negative impact on the national budget. The International Monetary Fund has urged a reduction of subsidies and structural reform to reduce dependence on oil and gas, boost the private sector, and create urgently needed jobs.

So far Algiers has complied only limitedly with this advice and still meets challenges with its well-known policy of distribution. This may keep fires at bay when trouble ignites, but it cannot extinguish them.

In 2013, in the once calm oil and gas rich provinces of southern Algeria, a strong protest movement was formed by unemployed people who want some of the country's wealth to flow back into their region – similar socioeconomic and political imbalance led to the uprising in Tunisia in late 2010.

In Algeria, the government is now beginning to pay the price for decades of neglect of the Saharan provinces, which are practically unrepresented among the power elite. The appointment of two new cabinet members from the south in 2014 will do little to change this.

A further risk is that southern Algeria will become more socially and economically disconnected, and the problems of the Sahel states will extend deeper into that part of the country. As far as smuggling and the activities of jihadist groups are concerned, national borders in the Sahara region no longer seem to exist. The continued marginalisation of southern Algeria is likely to encourage such activity.

Moreover, ethnic and ethno-religious conflicts are on the rise, mostly over questions of distribution. Disputes between Arabs and Mozabites in the town of Ghardaia have cost eight people their lives since the end of 2013. The mostly Berber-inhabited region of Kabylie in the east of the country is still a centre of chronic socio-cultural and socioeconomic protest. Here, a wing of Al-Qaida in the Islamic Maghreb and, increasingly, criminal networks are

undermining the state's monopoly on the use of force.

For now, on the whole, protests by the political opposition and by those on the socioeconomic peripheries remain separate events. However, if these movements joined together, the potential for mobilisation and pressure on the regime would increase considerably.

Another factor that could increase the pressure for reform are regional spillover effects. If neighbouring Tunisia not only becomes more democratic, but also undergoes an economic recovery, and if Morocco progresses with gradual reforms, then in the medium term the Algerian people will probably be more willing to experiment with political reform – especially given that in a few years, a generation with no direct experience of the civil war will be coming of age.

Algeria's rulers face different types of challenges, all of which suggest that legitimacy through the welfare state as a substitute for democratic legitimacy has reached its limit – or soon will. If the power elites cannot agree on even basic economic reforms, and continue to play for time, this will increase the chances of regime change forced from “the street” – with a highly uncertain outcome.

Beyond Spectatorship – Options for the EU?

The consequences of renewed destabilisation in Algeria as a result of reform deadlocks would also be felt in Europe, for instance in the form of increased irregular migration, or shortages in the energy supply. On the other hand, positive developments in Algeria would present opportunities for Europe: with a population of nearly 38 million (45% under 25 years of age) it is an attractive market, and in future could even provide Europe with workers it will need due to demographic changes.

It is therefore in the interests of the EU that Algeria should soon implement fundamental reforms. After the election, the Euro-

pean Commission once again encouraged such reforms.

At the same time, Europe's opportunities for action are very limited. Algeria does not tolerate any interference in its internal affairs, especially when it comes to sensitive areas such as human rights and political freedoms. This is also the reason why negotiations over a plan of action under the European Neighbourhood Policy have been delayed for so long.

However, there are now signs that Algeria's interest in closer cooperation is increasing – not least because its neighbours Tunisia and Morocco are steadily moving closer to the EU. It is the express wish of Algeria to cooperate on security issues – particularly with Germany, as these relations are not burdened by historical factors. Such cooperation makes sense, both for confidence-building and in view of instability in the Sahel and Libya. However, care should be taken that Germany and other European countries do not reinforce repressive authoritarian structures in Algeria in the name of counter-terrorism. Instead they should contribute to reforms in the security sector beyond just providing equipment and specific training measures.

European states and civil society actors could also make a small contribution to political opening: they could substantially intensify communications and interactions with a broad spectrum of Algeria's civil society representatives and political reform forces, and encourage dialogue among the various Algerian actors. Neighbouring Tunisia may not have Europe to thank for the explosive development of civil society and its constructive role in the aftermath of the revolution; however, the transfer of know-how and cooperation with civil society actors, which began under difficult conditions at the time of Ben-Ali's regime, probably helped to pave the way for it. In Algeria, too, this form of cooperation would be likely to yield results in the medium term.

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